

**Senate File 466 - Reprinted**

SENATE FILE 466  
BY COMMITTEE ON COMMERCE

(SUCCESSOR TO SSB 1168)

(COMPANION TO LSB 2674HV BY  
COMMITTEE ON COMMERCE)

(As Amended and Passed by the Senate March 30, 2011)

**A BILL FOR**

1 An Act relating to residential contractors and providing a  
2 penalty.

3 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1 Section 1. NEW SECTION. 103A.71 Residential contractors.

2 1. As used in this section:

3 a. "*Catastrophe*" means a natural occurrence including but  
4 not limited to fire, flood, drought, earthquake, tornado,  
5 windstorm, or hailstorm, which damages or destroys residential  
6 real estate.

7 b. "*Residential contractor*" means a person in the business  
8 of contracting to repair or replace roof systems or perform  
9 any other exterior repair, exterior replacement, or exterior  
10 reconstruction work resulting from a catastrophe on residential  
11 real estate or a person offering to contract with an owner or  
12 possessor of residential real estate to carry out such work.

13 c. "*Residential real estate*" means a new or existing  
14 building, including a detached garage, constructed for  
15 habitation by one to four families.

16 d. "*Roof system*" includes roof coverings, roof sheathing,  
17 roof weatherproofing, and roof insulation.

18 2. A residential contractor shall not advertise or promise  
19 to rebate any insurance deductible or any portion thereof as  
20 an inducement to the sale of goods or services. A promise to  
21 rebate any insurance deductible includes granting any allowance  
22 or offering any discount against the fees to be charged or  
23 paying an insured or a person directly or indirectly associated  
24 with the property any form of compensation, except for items  
25 of nominal value. A residential contractor may display a sign  
26 or other advertisement on a person's residential property  
27 provided that the person consents to the display and the person  
28 receives no compensation from the residential contractor for  
29 the placement of the sign or advertising.

30 3. A person who has entered into a written contract with a  
31 residential contractor providing goods or services to be paid  
32 from the proceeds of a property and casualty insurance policy  
33 may cancel the contract prior to midnight on the earlier of  
34 the third business day after the person has received written  
35 notice from the person's insurer that all or part of the claim

1 or contract is not a covered loss under the insurance policy or  
2 the thirtieth business day after receipt of properly executed  
3 proofs of loss by the insurer from the insured. Cancellation  
4 shall be evidenced by the person giving written notice of the  
5 cancellation to the residential contractor at the address of  
6 the residential contractor's place of business as stated in  
7 the contract. Written notice of cancellation may be given by  
8 delivering or mailing a signed and dated copy of the written  
9 notice of cancellation to the residential contractor at the  
10 address of the residential contractor's place of business  
11 as stated in the contract. The notice of cancellation  
12 shall include a copy of the written notice from the person's  
13 insurer to the effect that all or part of the claim or  
14 contract is not a covered loss under the insurance policy.  
15 Notice of cancellation given by mail shall be effective upon  
16 deposit into the United States mail with prepaid postage, if  
17 properly addressed to the residential contractor. Notice of  
18 cancellation need not take a particular form, and is sufficient  
19 if the notice indicates, by any form of written expression, the  
20 intent of the insured not to be bound by the contract.

21 4. Before entering into a contract to provide goods or  
22 services to be paid from the proceeds of a property and  
23 casualty insurance policy, a residential contractor shall  
24 provide the insured along with the contract all of the  
25 following documents in substantially the following form:

26 a. The following statement in at least ten-point bold type:

27 **RIGHT OF CANCELLATION**

28 You may cancel this contract at any time prior to midnight on  
29 the earlier of the third business day after you have received  
30 written notification from your insurer that all or any part  
31 of the claim or contract is not a covered loss under your  
32 insurance policy or the thirtieth business day after your  
33 insurer has received properly executed proofs of loss from you.  
34 See the attached notice of cancellation form for an explanation  
35 of this right.

1     *b.* A fully completed duplicate form which shall accompany  
2 the contract, shall be easily detachable, and which shall  
3 contain the following statement in at least ten-point bold  
4 type:

5     NOTICE OF CANCELLATION

6     You may cancel the contract by mailing or delivering a  
7 signed and dated copy of this cancellation notice or any  
8 other written notice of cancellation to (name of contractor)  
9 at (address of contractor's place of business) at any time  
10 prior to midnight on the earlier of the third business day  
11 after you have received notice from your insurer that all or  
12 any part of the claim or contract is not a covered loss under  
13 your insurance policy or the thirtieth business day after your  
14 insurer has received properly executed proofs of loss from you.  
15 If you cancel the contract, any payments made by you under the  
16 contract, other than payments for goods or services related to  
17 a catastrophe which you agreed in writing to be necessary to  
18 prevent damage to your property, will be returned to you within  
19 ten business days following receipt by the contractor of your  
20 cancellation notice.

21     I hereby cancel this contract.

22     \_\_\_\_\_

23     Date

24     \_\_\_\_\_

25     Consumer's signature

26     5. Within ten days after a contract to provide goods  
27 or services to be paid from the proceeds of a property and  
28 casualty insurance policy has been canceled by notification  
29 pursuant to this section, the residential contractor shall  
30 tender to the person canceling the contract any payments,  
31 partial payments, or deposits made by the person and any note  
32 or other evidence of indebtedness. However, if the residential  
33 contractor has provided any goods or services related to a  
34 catastrophe, agreed by the person in writing to be necessary  
35 to prevent damage to the premises, the residential contractor

1 shall be entitled to be paid the reasonable value of such goods  
2 or services. Any provision in a contract to provide goods  
3 or services to be paid from the proceeds of a property and  
4 casualty insurance policy that requires the payment of any fee  
5 which is not for goods or services related to a catastrophe  
6 shall not be enforceable against any person who has canceled a  
7 contract pursuant to this section.

8     6. A residential contractor shall not represent or  
9 negotiate on behalf of, or offer or advertise to represent or  
10 negotiate on behalf of, an owner or possessor of residential  
11 real estate on any insurance claim in connection with the  
12 repair or replacement of roof systems, or the performance of  
13 any other exterior repair, exterior replacement, or exterior  
14 reconstruction work on the residential real estate.

15     7. A residential contractor violating this section is  
16 subject to the penalties and remedies prescribed by this  
17 chapter.

18     Sec. 2. APPLICABILITY. This Act applies to contracts  
19 entered into on or after the effective date of this Act.